

**James Madison to Henry Clay, April, 1824.
Transcription: The Writings of James Madison,
ed. Gaillard Hunt. New York: G.P. Putnam's Sons,
1900-1910.**

TO HENRY CLAY. MAD. MSS.

Montpellier, Apl., 1824.

Dr. Sir, —I have recd. the copy of your speech on “American Industry” for which I pray you to accept my thanks. I find in it a full measure of the Ability & Eloquence so often witnessed on preceding occasions. But whilst doing this justice to the task you have performed, which I do with pleasure as well as sincerity, candor obliges me to add that I cannot concur in the extent to which the pending Bill carries the Tariff, nor in some of the reasonings by which it is advocated.

The Bill, I think loses sight too much of the general principle which leaves to the judgment of individuals the choice of profitable employments for their labor & capital; and the arguments in favor of it, from the aptitudes of our situation for manufacturing Establishments, tend to shew that these would take place without a legislative interference. The law would not say to the Cotton planter you overstock the Market, and ought to plant Tobacco; nor to the Planter of Tobo., you would do better by substituting Wheat. It presumes that profit being the object of each, as the profit of each is the wealth of the whole, each will make whatever change the state of the Markets & prices may require. We see, in fact, changes of this sort frequently produced in Agricultural pursuits, by individual sagacity watching over individual interest. And why not trust to the same guidance in favor of manufacturing industry, whenever it promises more profit than any

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of the Agricultural branches, or more than mercantile pursuits, from which we see Capital readily transferred to manufacturing establishments likely to yield a greater income.

With views of the subject such as this, I am a friend to the *general* principle of “free industry” as the basis of a sound system of political Economy. On the other hand I am not less a friend to the legal patronage of domestic manufactures,

as far as they come within particular reasons for exceptions to the general rule, not derogating from its generality. If the friends of the Tariff, some of them at least, maintain opinions subversive of the rule, there are, among its opponents, views taken of the subject which exclude the fair exceptions to it.

For examples of these exceptions I take 1. the case of articles necessary for national defence. 2. articles of a use too indispensable to be subjected to foreign contingencies. 3. Cases where there may be sufficient certainty, that a *temporary* encouragement will introduce a particular manufacture, which once introduced will flourish without that encouragement. That there are such cases is proved by the Cotton manufacture, introduced by the impulse of the war & the patronage of the law, without wch. it might not for a considerable time have effectually sprung up. It must not be forgotten however that the great success in this case was owing to the advantage in the raw material, and to the extraordinary degree in which manual labor is abridged by mechanical agency. 4. A very important exception results from the frequency of wars among the manufacturing nations, the effect of a state of war on the price of their manufactures, and the improbability that domestic substitutes will be provided by establishments which could not outlast occasions of such uncertain duration. I have not noticed any particular reference to this consideration, in the printed discussions; the greater cheapness of imported fabrics being assumed from their cost in time of peace. Yet it is clear that if a yard of imported cloth which costs 6 dollars in peace, costs 8 in war, & the two periods should be as for the last two Centuries taken together, nearly equal, a tax of nearly one dollar a yard in time of

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peace, could be afforded by the Consumer, in order to avoid the tax imposed by the event of war.

Without looking for other exceptions to the principle restraining Legislative interference with the industrious pursuits of individuals, those specified give sufficient scope for a moderate tariff that would at once answer the purpose of revenue, and foster domestic manufactures.

With respect to the operation of the projected Tariff, I am led to believe that it will disappoint the calculations both of its friends & of its adversaries. The latter will probably find that the increase of duty on articles which will be but partially manufactured at home, with the annual increment of consumers, will balance at least, the loss of the Treasury from the diminution of tariffed imposts: Whilst the sanguine hopes of the former will be not less frustrated by the increase of smuggling, particularly thro' our East & North frontiers, and by the attraction of the labouring classes to the vacant territory. This is the great obstacle to the spontaneous establishment of Manufactories, and will be overcome with the most difficulty wherever land is cheapest, and the ownership of it most attainable.

The Tariff, I apprehend, will disappoint those also, who expect it to put an end to an unfavorable balance of trade. Our imports, as is justly observed, will not be short of our exports. They will probably exceed them. We are accustomed to buy not only as much as we can pay for, but as much more as can be obtained on credit. Until we change our habits therefore, or manufacture the articles of luxury, as well as the useful articles; we shall be apt to be in arrears, in our foreign dealing, and have the exchange bearing agst. us. As long as our exports consist chiefly of food & raw materials, we shall have the advantage in a contest of privations with a nation supplying us with superfluities. But in the ordinary freedom of intercourse the advantage will be on the other side; the wants on that being limited by the nature of them, and ours as boundless as fancy and fashion.

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Excuse a letter which I fear is much too long, and be assured of my great esteem & sincere regard.